



# POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TOWN OF GARNER, NORTH CAROLINA



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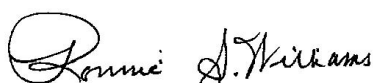
## Message to the Citizens of Garner

**T**HE TOWN OF GARNER is pleased to present the 2016 Popular Annual Financial Report (PAFR), which offers an easy-to-read summary of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2016. The PAFR is intended to increase awareness in the community about the Town's financial operations. We want to guarantee that you have access to high-quality, easily understandable financial information so that you can be well informed and have the utmost confidence in the way we are running your town.

The financial information in this report is derived in large part from the financial statements in the Town's CAFR, which is produced in accordance with generally accepted accounting principles and is audited by an independent certified public accounting firm. Although the financial data presented in this report are consistent with generally accepted accounting principles, the PAFR is not expected to provide all of the detail and disclosure required of the CAFR.

The CAFR is available at Town Hall (currently 914 7th Ave.) and on the Town's website, [garnernc.gov](http://garnernc.gov). If you have questions about the Town's financial reports or other documents, you can reach the Finance Department at 919.773.4408.

Sincerely,



Ronnie S. Williams



# Your Town Government

## Elected Officials

Garner has a council-manager form of government. The Town Council sets policies, enacts ordinances and appoints the town manager. A Town Council term is four years. At-large elections for Council seats are staggered every two years. The mayor's term is four years.



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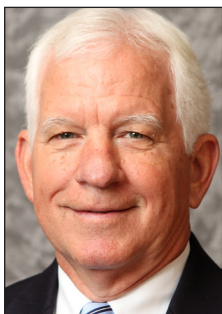
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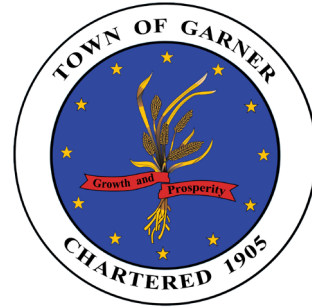
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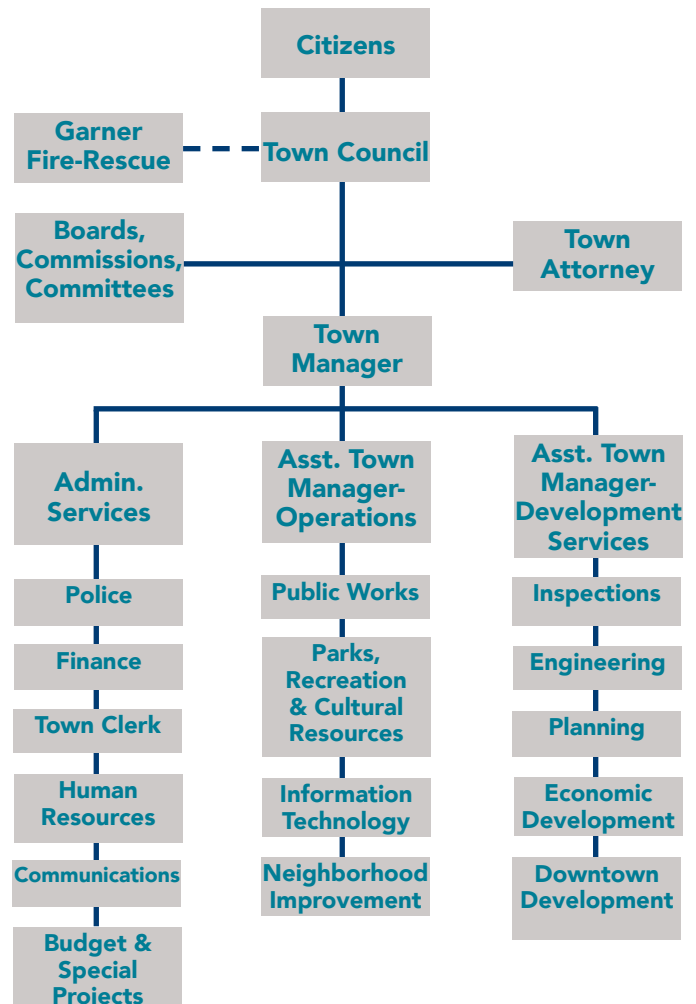
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## Town of Garner Organizational Chart



# Garner at a Glance

**T**HE TOWN OF GARNER has a council-manager form of government with a mayor and five-member Town Council. Elections for the office of Town Council are held at two-year intervals in the November of odd-numbered years. Elections are non-partisan, and all members of the Town Council are elected to four-year terms. The mayor is elected to a four-year term at the same time elections for Town Council are held.

The Town Council sets Town policies, enacts ordinances and appoints the town manager, who administers the daily operations and programs of the municipal government through the department heads and other staff and employees.



**Garner's special events bring the community together and highlight our All-America City's inclusiveness and hometown feel.**

The City of Raleigh's Public Utilities Department operates a water distribution system, a sanitary sewer collection system and a wastewater treatment facility that service Garner. Garner Volunteer Fire-Rescue, Inc., provides fire and emergency responder services, and Wake County EMS also serves the town.

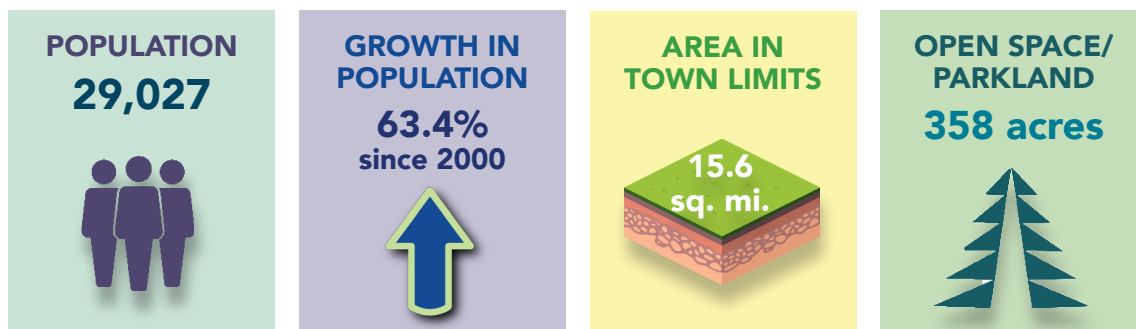
Garner has six community parks and several neighborhood parks. The system includes White Deer Park, 96 acres of passive parkland with a LEED Gold-certified Nature Center. Annual special events include an Independence Day celebration, Carnaval Latino, Trick-or-Treat the Trails, Light Up Main, the Garner Christmas Parade, Spring Eggstravaganza and a Groundhog Day celebration.

In addition, the Town-owned Garner Performing Arts Center in our historic downtown offers award-winning programming and a diverse array of shows by local as well as nationally touring acts.

The Town has nationally accredited Police, Public Works and Parks, Recreation and Cultural Resources Departments.

Major employers in Garner include the Wake County Public School System, Food Lion, Walmart, Pergo, Cabela's, Golden State Foods, F&D Huebner, LLC (McDonald's), Target, Strategic Behavioral Health and Kroger.

The National Civic League named Garner an All-America City in 2013. This prestigious award recognizes high levels of civic engagement as well as successes arising from innovative, citizen-driven initiatives that address pressing challenges in the community.



## FY 15-16 Milestones

**H**ERE IS A SUMMARY of some of the Town's major accomplishments and accolades in FY 15-16:

- The Town's Parks, Recreation and Cultural Resources Department earned national accreditation in fall 2015. According to Town research, Garner is now the only local jurisdiction in the United States to have accredited parks and recreation, public works and police departments—and to have earned All-America City status since 2000.
- In November 2015, the Town officially opened two new concessions buildings at South Garner and Garner Recreational Parks. The buildings are part of the Garner Bond Program, approved by Garner voters in March 2013.
- The Duke Site Readiness Program in Garner concluded with a presentation by a site consultant in July 2015. The Town and the 152-acre Garner Industrial Site at Greenfield Park South were inducted into the program in April 2015. The program is designed to help communities collect extensive information on properties to position them to be ready for development.
- The Town opened its new police station at 912 7th Ave. on Dec. 31, 2015. The new headquarters bring all of the Police Department under one roof. The project was funded with proceeds from the ongoing Garner Bond Program.
- The Town's Planning Department in 2016 launched an update to the Town's comprehensive growth and transportation plans in a project known as Garner Forward.
- In February 2016, Greenfield South Business Park was designated AT&T Fiber Ready, making it the first business

park in the Research Triangle region to receive AT&T's Fiber Ready designation.

- In spring 2016, the Town won two Excellence in Communications awards for print publications from North Carolina City and County Communicators.
- The Certificate of Achievement for Excellence in Financial Reporting was awarded to the Town of Garner by the Government Finance Officers Association of the United States and Canada (GFOA) for the Town's comprehensive annual financial report



**The opening of the new police station in December 2015 marked a major milestone in the Garner Bond Program.**

(CAFR) for the fiscal year ending June 30, 2015. It was the 26th consecutive year that the Town had won the award.

- In spring 2016, Garner earned Playful City USA status for the third year in a row.
- On the economic development front, Stock America, a company that produces sterilization systems, announced plans to move its corporate headquarters to Garner, and Improved Nature, which makes meat substitute products, decided to build its manufacturing center in town.



# FY 15-16 Financial Highlights

THE FOLLOWING ARE financial highlights for the Town of Garner during FY 15-16 (as also noted in the Comprehensive Annual Financial Report):

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$86.20 million (net position). Of this amount, \$21.21 million (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$46.7 million, or a decrease of \$997,000.
- As of the close of the fiscal year, the Town's unassigned fund balance for the general fund was \$17.9 million, or 64.7 percent of total general fund expenditures and transfers out for the fiscal year. This amount is considered available for spending at the Town government's discretion.



**The Town of Garner in FY 15-16 saw an increase in water and sewer fees and inspections fees due in part to a rise in multi-family residential development.**

## General Fund Budgetary Highlights

The general fund is the chief operating fund of the Town. The fund balance of the Town's general fund increased \$2.9 million during the current fiscal year. Key factors in this increase are as follows:

- The Town took in increased water and sewer capacity fees and inspection fees due to a rise in commercial and multi-family residential development.
- The Town recognized a savings in personnel costs due to retirements of long-tenured employees. This turnover in employment also delayed some projects approved for the fiscal year.

## Capital Projects Fund Budgetary Highlights

The capital projects fund is a multiyear fund used to account for the acquisition or construction of major facilities or infrastructure. Fund balance of the capital projects fund decreased \$3.9 million. This decrease was due to expenditures on capital projects of the previous year issuance of general obligation bonds.

# The Town as a Whole and Its Net Position

**T**HE STATEMENT OF net position looks at the Town as a whole and is a useful indicator of the Town's financial position. Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. The table to the right provides a summary of the net position for FY 14-15 and FY 15-16.

The Town's assets exceeded liabilities by \$86,199,231 as of June 30, 2016. Approximately 71.2 percent of net position reflects the Town's investment in capital assets. The net investment in capital assets category is defined as

the Town's investment in its own assets (e.g. land, buildings, equipment and infrastructure) less any related debt still outstanding issued to acquire those items. The Town uses these assets to provide services to citizens. An additional portion of net position (4.2 percent) is restricted. Restricted resources are subject to specific external legal restrictions that limit the Town's ability to use these funds beyond the purpose for which they are provided.

Net position increased by \$509,525 due to an 80 percent increase in fees related to an increase in building activity, a 7.8 percent increase in property taxes and a 10.5 percent increase in expenses for street maintenance and debt service.

## What does a positive net position mean?

**A** POSITIVE NET POSITION means that Town assets exceed liabilities, and a negative net position means that liabilities exceed assets. The Town has grown its net position from \$21.591 million in 2006 to \$86.199 million in 2016 due to good fiscal management and establishment of sound policies by the Town Council.

Changes in net position are representative of the total annual revenues compared to the total expenses. When revenues exceed expenditures, the Town's net position improves. So, while expenses grew by 10.5 percent in FY 15-16, an 80 percent increase in fees charged for services more than offset that increase.

## Garner's Net Position

	FY 15-16	FY 14-15
<b>Assets</b>	<b>\$130,780,442</b>	<b>\$132,100,635</b>
Deferred outflows of resources	654,824	669,335
<b>Liabilities</b>	<b>44,839,922</b>	<b>44,717,868</b>
Deferred inflows of resources	396,113	2,362,396
<b>Net Position</b>		
Net investment in capital assets	61,370,282	63,979,719
Restricted	3,614,616	4,732,543
Unrestricted	21,214,333	16,977,444
<b>TOTAL NET POSITION</b>	<b>\$86,199,231</b>	<b>\$85,689,706</b>

# Revenues, Expenditures, Changes in Fund Balance

## TOTAL GENERAL fund revenues for FY 2015-16

were \$29.88 million. The property tax rate increased from \$.50 to \$.5175 per \$100 of assessed value to offset the issuance of general obligation bonds. Property taxes account for 57.1 percent of all revenues. Property taxes (excluding registered motor vehicles, which are collected by the N.C. Division of Motor Vehicles) are assessed and collected by Wake County and remitted to the Town throughout the year.

Other taxes, which include the Town's share of statewide sales taxes and ABC revenue, account for 19.5 percent of all revenues. This category of revenues was boosted through continued improvement in the local economy and changes to the services to which sales tax is applicable.

The Town also received 10 percent of its revenues from permits and fees, an increase of 64 percent over the prior year. That increase stemmed from an 80 percent spike in permitting for construction.

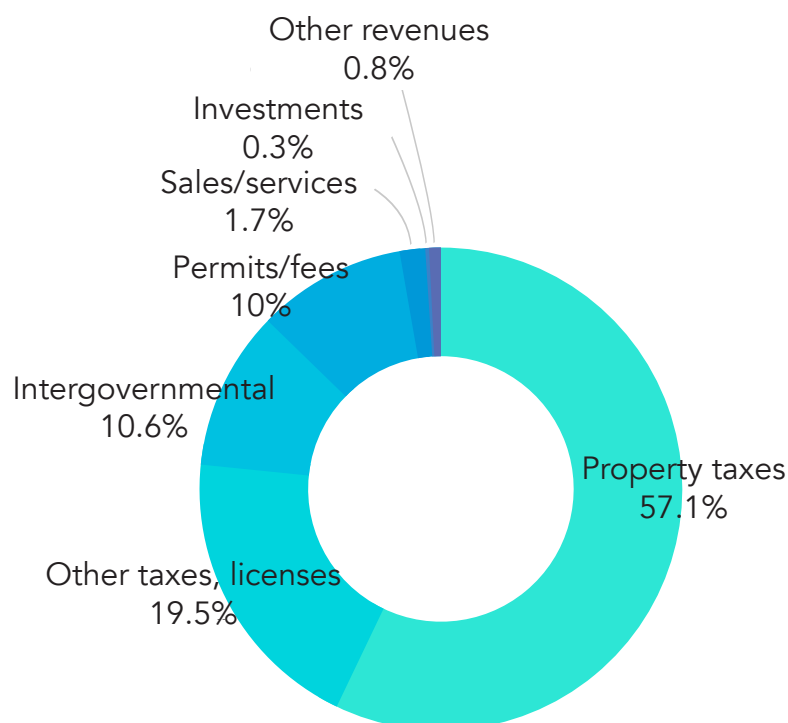
The total cost of general fund programs and services was \$27.68 million. The cost of public safety programs accounted for 38.8 percent of expenditures, while general government functions accounted for 24.5 percent.

Major initiatives funded in the FY 15-16 budget (excluding Garner Bond Program projects) included street resurfacing, funding for part of the update of the Town's comprehensive growth and transportation plans and financing of vehicle and equipment replacement. Total expenditures per capita increased from \$926 to \$962, a 3.8 percent rise.

Overall, general fund revenues and other financing sources exceeded expenditures and

## General Fund Revenues

	FY 15-16	FY 14-15
Property taxes	\$17,061,096	\$15,469,793
Other taxes and licenses	5,826,797	5,547,552
Intergovernmental revenues	3,185,644	3,580,904
Permits and fees	2,981,635	1,816,364
Sales and services	510,108	490,653
Investment earnings	76,234	8,531
Other revenues	234,534	316,348
<b>TOTAL</b>	<b>\$29,876,048</b>	<b>\$27,230,145</b>

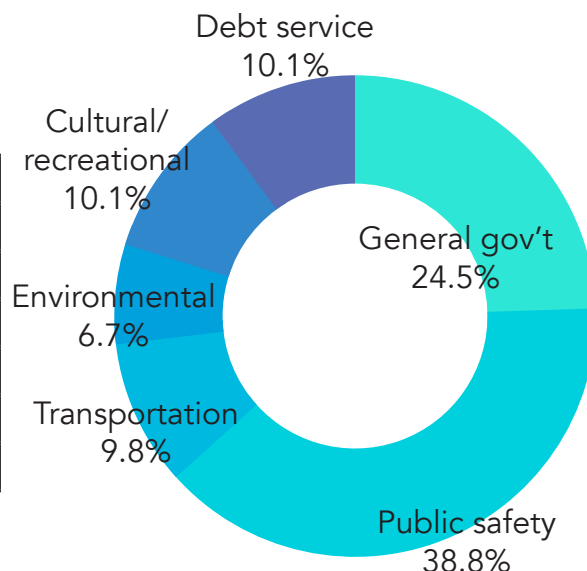




# Revenues, Expenditures, Changes in Fund Balance

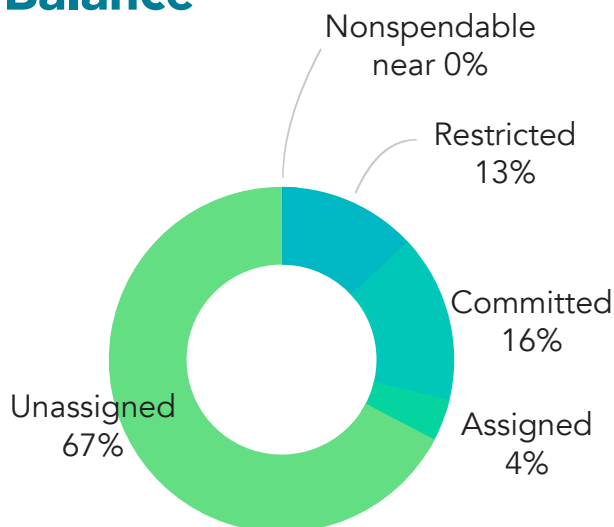
## General Fund Expenditures

	FY 15-16	FY 14-15
General government	\$6,780,440	\$5,688,444
Public safety	10,751,421	10,341,777
Transportation	2,708,200	2,350,138
Environmental protection	1,853,286	1,768,301
Cultural/recreational	2,795,777	2,620,696
Debt service	2,792,645	2,270,816
<b>TOTAL</b>	<b>\$27,681,769</b>	<b>\$25,040,172</b>



## Categories of Fund Balance

Nonspendable	\$27,685
Restricted	3,440,208
Committed	4,200,667
Assigned	1,052,211
Unassigned	17,940,081
<b>TOTAL</b>	<b>\$26,660,852</b>



transfers by \$2.194 million, which was added to the Town's fund balance. Fund balance is like a savings account for the Town and can be used to fund capital projects, balance the budget and for emergencies or cash flow during the year.

The graphics above show the different categories of fund balance. These categories represent any external or Town Council-initiated restrictions on how fund balance can be used. Unassigned is the least restrictive and can be used for any purpose.

Unassigned fund balance at the end of fiscal year 2016 totaled \$17.94 million, an amount equal to 65 percent of expenditures. The Town's policy is a minimum of 30 percent. Total fund balance stood at \$26.66 million.

## Bond Activity/Long-Term Debt

THE TOWN OF Garner continued construction of the projects approved in the 2013 bond referendums but did not issue any further general obligation bonds during FY 15-16. Completed bond projects in FY 15-16 included the new police station at 912 7th Ave., new concessions buildings to service the ballfields at South Garner and Garner Recreational Parks and a sidewalk project along Timber Drive.



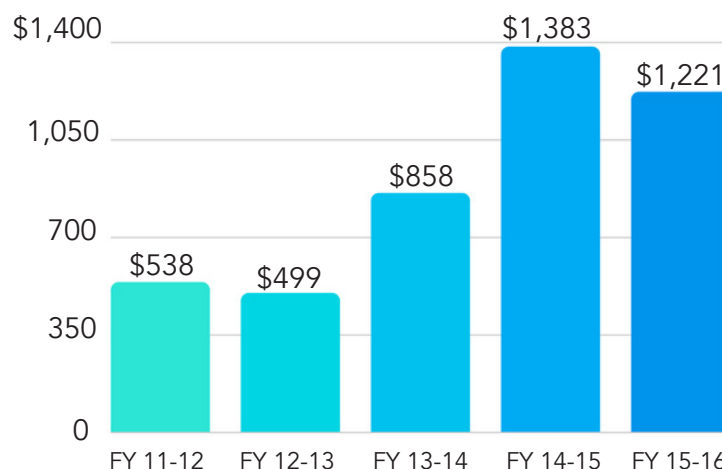
The Garner Bond Program funded new concessions buildings at the ballfields at South Garner and Garner Recreational Parks.

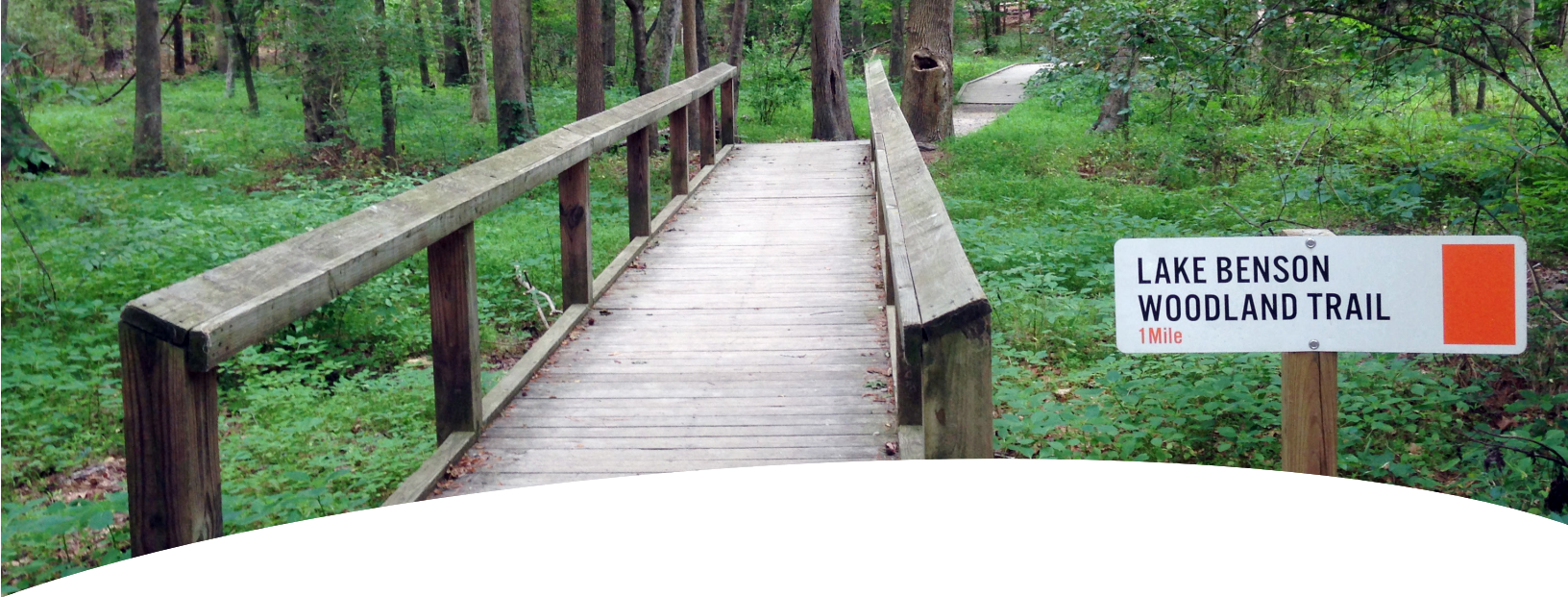
The Town entered into a \$630,000 installment loan for the purchase of vehicles and equipment in FY-15-16. Overall, total debt decreased by \$998,852 during the fiscal year. Debt per capita fell by 11.7 percent to \$1,221 in FY 15-16. The decline was due to the retirement of approximately \$1.6 million in debt as well as an increase in the Town's population.

### Garner's Long-Term Debt

	FY 15-16	FY 14-15
General obligation bonds	\$29,335,000	\$29,760,000
Installment financing agreements	5,800,674	6,374,526
<b>TOTAL</b>	<b>\$35,135,674</b>	<b>\$36,134,526</b>

### Debt Per Capita





**T**HE GOVERNMENT FINANCE OFFICERS Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Garner for its Popular Annual Financial Report for the fiscal year end June 30, 2015. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Town of Garner has received a Popular Award for the last two years (fiscal years ended June 30, 2014, and June 30, 2015). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.



Government Finance Officers Association

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

Presented to

**Town of Garner  
North Carolina**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO





**TOWN OF GARNER**  
FINANCE DEPARTMENT

919.773.4408

GARNERNC.GOV